

**AGENDA**



**Recommendation for Council Action (Purchasing)**

Austin City Council	Item ID:	20494	Agenda Number	33.
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Meeting Date:	December 13, 2012
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Department:	Purchasing
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**Subject**

Authorize award, negotiation, and execution of 24-month requirements service contracts with CREDIT PROTECTION ASSOCIATION, MUNICIPAL SERVICES BUREAU, and NCO FINANCIAL SYSTEMS, or one of the other qualified offerors to RFP No. TVN0024, for the primary collection of delinquent utility accounts in an estimated amount not to exceed \$418,000 each and combined, with three 12-month extension options in an estimated amount not to exceed \$209,000 each and combined for a total estimated contract amount not to exceed \$1,045,000 each and combined; 24-month requirements service contracts with PENN CREDIT and AMERICOLLECT Inc., or one of the other qualified offerors to RFP No. TVN0024, for the secondary collection of delinquent utility accounts in an estimated amount not to exceed \$220,000 each and combined, with three 12-month extension options in an estimated amount not to exceed \$110,000 each and combined for a total estimated contract amount not to exceed \$550,000 each and combined; a 24-month requirements service contract with NCO FINANCIAL SYSTEMS, or one of the other qualified offerors to RFP No. TVN0024, for tertiary collection of delinquent utility accounts in an estimated amount not to exceed \$600,000, with three 12-month extension options in an estimated amount not to exceed \$300,000 each for a total estimated contract amount not to exceed \$1,500,000; and a 24-month requirements service contracts with CREDIT PROTECTION ASSOCIATION, or one of the other qualified offerors to RFP No. TVN0024, for the collection of low-dollar delinquent utility accounts in an estimated amount not to exceed \$60,000, with three 12-month extension options in an estimated amount not to exceed \$30,000 each for a total estimated contract amount not to exceed \$150,000. The annual amount for all collection services required under these agreements will be for a total estimated amount not to exceed \$649,000 each and combined.

**Amount and Source of Funding**

Funding in the amount of \$486,750 is available in the Fiscal Year 2012-2013 Operating Budget of Austin Energy. Funding for the remaining 15 months of the original contract period and extension options is contingent upon available funding in future budgets.

**Fiscal Note**

There is no unanticipated fiscal impact. A fiscal note is not required.

<b>Purchasing Language:</b>	Best evaluated proposals.
<b>Prior Council Action:</b>	
<b>For More Information:</b>	Terry Nicholson, Sr. Buyer, 512-322-6586
<b>Boards and Commission Action:</b>	Recommended by the Electric Utility Commission.
<b>MBE / WBE:</b>	
<b>Related Items:</b>	This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

**Additional Backup Information**

These contracts will provide the City of Austin utility departments including Austin Energy, Austin Water Utility and Austin Resource Recovery with five vendors to operate four levels of delinquent account collections services. Payments on these contracts are commission based. Therefore, expenditures are dependent on how much money is collected by the vendors. The four levels of collection are defined as follows:

- Primary: Primary placements are unpaid balances in excess of \$25 and over 45 days old. These accounts remain in the Primary level until they are 12 months old, at which time the placement is transferred to the secondary level.
- Secondary: Secondary placements are unpaid balances over 12 months old, but less than 24 months old. At 24 months, Secondary placements are transferred to the tertiary level.
- Tertiary: Tertiary placements are unpaid balances over 24 months old. They remain at this level until collected or recalled.
- Low-Dollar Level: Low-dollar placements are unpaid balances of \$25 or less and over 60 days old.

Since the primary, secondary and tertiary levels are connected, as described above, the solicitation stated that no vendor could be awarded consecutive placement levels.

Credit Protection Association, Municipal Services Bureau and NCO Financial Systems will be responsible for the collection of primary level delinquent accounts. The average eligible total weekly referrals are approximately 720 accounts with an average balance of \$380 each.

Penn Credit and Americollect Inc. will be responsible for the collection of secondary level delinquent accounts. There are currently 32,000 accounts totaling approximately \$19 million with an average balance of \$360 per account eligible for secondary placements. Future placements with the secondary contractor will depend on the primary contractor's recovery rate.

NCO Financial Systems will be responsible for tertiary level delinquent accounts. Currently there are approximately 100,000 accounts totaling approximately \$50 million placed at a tertiary agency. Future placements with the tertiary contractor will depend on the primary and secondary contractor's recovery rate.

Credit Protection Association will handle low-dollar delinquent accounts. Currently, there are approximately 8,800 accounts totaling approximately \$160,000 eligible for low-dollar debt collection placements

An Austin Energy evaluation team with expertise in this area evaluated the proposals and unanimously chose these proposals as the best to provide these services. Evaluation criteria used to evaluate the proposals included system concept and solution, organization and management structure, demonstrated applicable experience, commission rate, and local business presence.

This request allows for the development of an agreement with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

#### **PRICE ANALYSIS**

- a. Adequate competition.
- b. One hundred and three notices were sent. There are no known M/WBE's available for this commodity code. Ten proposals were received.

#### **APPROVAL JUSTIFICATION**

- a. Best evaluated proposals. Municipal Services Bureau, Penn Credit and NCO Financial Systems are current providers of these services.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.